

BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO

In the Matter of the Protest of)	
)	DOCKET NO. 20113
[Redacted],)	
)	DECISION
Petitioners.)	
_____)	

On February 20, 2007, the staff of the Tax Discovery Bureau (Bureau) of the Idaho State Tax Commission (Tax Commission) issued a Notice of Deficiency Determination to [Redacted] (taxpayers), proposing income tax, penalty, and interest for the taxable years 1999 through 2002 in the total amount of \$3,921.

On April 3, 2007, the taxpayers filed a timely appeal and petition for redetermination. The taxpayers did not request a hearing and have not provided anything further for the Tax Commission to consider. The taxpayers stated they filed the returns in question and that they owed the Tax Commission nothing. The Tax Commission, having reviewed the file, hereby issues its decision.

The Tax Discovery Bureau received information from the Idaho Department of Labor that showed the taxpayers were employed in Idaho during the years 1999 through 2002. The Bureau researched the Tax Commission's records and found the taxpayers filed returns for the years prior and the years succeeding but did not file returns for the years 1999 through 2002. The Bureau sent the taxpayers a letter asking them about their requirement to file Idaho individual income tax returns for those years. The taxpayers did not respond. The Bureau obtained additional information [Redacted] and determined the taxpayers were required to file Idaho income tax returns. The Bureau prepared returns for the taxpayers and sent them a Notice of Deficiency Determination.

The taxpayers disagreed with the Bureau's determination. They stated their returns were filed and that the Tax Commission owed them a refund on their 2002 income tax return. The taxpayers stated they received a refund for 1999, so they were confused when the Tax Commission said they had not filed their return. The taxpayers stated they owed the Tax Commission nothing and that they were tired of having to prove themselves to a corrupt State Tax Commission.

The Bureau referred the matter for administrative review, and the Tax Commission sent the taxpayers a letter that discussed the methods available for redetermining a Notice of Deficiency Determination. The taxpayers did not respond, so the Tax Commission sent a follow-up letter. The taxpayers restated their position that they filed Idaho income tax returns and that the State owed them a refund for 2002. They restated that they received a refund for 1999 and that they were tired of having to prove themselves. The taxpayers added that the Tax Commission is good at asking for old records that are no longer available and scheduling hearings they cannot attend. The taxpayers stated they know the Tax Commission has probably already decided the outcome of their case and that all this is just a formality. The taxpayers asked for their 2002 refund with penalties and interest.

The Tax Commission reviewed the available information and found that the taxpayers were employed in Idaho during 1999, 2000, 2001, and 2002. The Tax Commission also found that withholdings were reported for Mr. [Redacted] for 2001 and 2002. For these years, the Bureau allowed the taxpayers Mr. [Redacted]'s withholdings. As for all of Mrs. [Redacted]'s withholdings and Mr. [Redacted]'s withholdings for the other years, that information was not available, and apparently the taxpayers no longer have their documentation.

In Idaho, it is well established that a Tax Commission's deficiency determination is presumed to be correct and the taxpayer has the burden of showing that the deficiency is erroneous. Parsons v. Idaho State Tax Commission, 110 Idaho 572, 574-575 n.2, 716 P.2d 1344, 1346-1347 n.2 (Ct. App. 1986); Albertson's, Inc. v. State, Dept. of Revenue, 106 Idaho 810, 814, 683 P.2d 846, 850 (1984). The taxpayers have provided nothing to show the Bureau's determination was incorrect other than their statements that the returns were filed. The Tax Commission's records for the taxpayers show that no returns were filed for the years 1999 through 2002. It may be possible that the Tax Commission did not receive one of the returns the taxpayers claimed they filed, but it is highly unlikely that the Tax Commission did not receive the taxpayers' returns for four consecutive years. Nevertheless, it is the taxpayers' responsibility to file their income tax returns and to be able to show the returns were filed.

The returns the Bureau prepared were based upon the federal returns the taxpayers filed with the Internal Revenue Service. The Bureau allowed all the withholdings it was able to substantiate from the Tax Commission's records. This amounted to Mr. [Redacted]'s withholdings for 2001 and 2002, and no withholdings for Mrs. [Redacted]. The taxpayers have not provided any information to show the taxable income is incorrect or that additional withholdings should be allowed. Even though the information available suggests the taxpayers may have additional withholdings, the Tax Commission could not verify their existence. Consequently, no additional withholdings were allowed.

Therefore, based upon the information available, the Tax Commission finds the taxpayers were required to file Idaho individual income tax returns, and the returns prepared by the Bureau are an accurate representation of the taxpayers' Idaho taxable income.

The Bureau added interest and penalty to the taxpayers' tax deficiency. The Tax Commission reviewed those additions and found them appropriate and in accordance with Idaho Code sections 63-3045 and 63-3046, respectively.

WHEREFORE, the Notice of Deficiency Determination dated February 20, 2007, is hereby APPROVED, AFFIRMED, and MADE FINAL.

IT IS ORDERED and THIS DOES ORDER that the taxpayers pay the following tax, penalty and interest:

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
1999	\$ 627	\$ 157	\$ 309	\$1,093
2000	971	243	400	1,614
2001	426	107	143	676
2002	407	102	110	<u>619</u>
			TOTAL DUE	<u>\$4,002</u>

Interest is computed to October 15, 2007.

DEMAND for immediate payment of the foregoing amount is hereby made and given.

An explanation of taxpayers' right to appeal this decision is enclosed.

DATED this ____ day of _____, 2007.

IDAHO STATE TAX COMMISSION

COMMISSIONER

CERTIFICATE OF SERVICE BY MAIL

I hereby certify that I have on this ____ day of _____, 2007, served a copy of the within and foregoing decision by sending the same by United States mail, postage prepaid, in an envelope addressed to:

[REDACTED]

Receipt No.
